

PRESTON DuFAUCHARD  
California Corporations Commissioner  
WAYNE STRUMPFER  
Deputy Commissioner  
ALAN S. WEINGER (CA BAR NO. 86717)  
Lead Corporations Counsel  
JENNIFER A. GRANAT (CA BAR NO. 199868)  
Corporations Counsel  
Department of Corporations  
320 West 4<sup>th</sup> Street, Ste. 750  
Los Angeles, California 90013-2344  
Telephone: (213) 576-7518 Fax: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE	)	File No.: 413-0504
CALIFORNIA CORPORATIONS	)	
COMMISSIONER,	)	ORDER REVOKING RESIDENTIAL
	)	MORTGAGE LENDER AND RESIDENTIAL
Complainant,	)	MORTGAGE LOAN SERVICER LICENSE
	)	
v.	)	
	)	
COASTAL CAPITAL CORP.,	)	
	)	
Respondent.	)	
	)	

The California Corporations Commissioner finds:

- Respondent Coastal Capital Corp. (“Respondent”) is a residential mortgage lender and residential mortgage loan servicer licensed by the Commissioner of Corporations of the State of California (“Commissioner”) pursuant to the California Residential Mortgage Lending Act (“CRMLA”), California Financial Code section 50000 *et seq.* Respondent’s main office is located at One Plaza Road, Greenvale, New York 11548.
- On or about March 20, 2007, the Commissioner commenced a regulatory examination of the books and records of Respondent through his examination staff (“Examination

Staff”). The regulatory examination has not been concluded because Respondent has closed its business and has failed to provide all the information and documents requested, as set forth below.

3. On March 20, 2007, Examination Staff arrived at Respondent’s main office and met with its president, John Michael (“Michael”). Michael informed Examination Staff that the company had gone bankrupt and had been closed since February 16, 2007. Prior to March 2007, the Commissioner had not received notice of Respondent’s closing or bankruptcy.

4. Michael initially cooperated with Examination Staff by providing a copy of Respondent’s un-audited financial statements as of November 30, 2006, as well as a list of loans made in California since August 1, 2006. Michael represented that the company had been winding down and had not made any loans since February 16, 2007.

5. However, after discussing the matter with his counsel, Michael indicated that he would not provide any additional information or documents to Examination Staff due to Michael’s recent indictment in a California criminal case.

6. On March 20, 2007, Examination Staff issued a written demand to Respondent for the information and documents needed to complete the examination. The demand included a list of documents needed and a request for an explanation of Respondent’s closure. Examination Staff personally served the demand on Michael as president of Respondent. However, Michael refused to execute a written acknowledgement of receipt of the demand, and further refused to provide the information and documents demanded.

7. To date, Respondent has failed to provide the information and documents necessary for the Commissioner to complete his regulatory examination in violation of California Financial Code section 50314.

1           8.       Pursuant to section 50201 of the California Financial Code, all licensees under the  
2 CRMLA are required to maintain a tangible net worth of \$250,000.00.

3           9.       On or about March 20, 2007, the Commissioner commenced a regulatory  
4 examination of the books and records of Respondent. During the regulatory examination,  
5 Respondent provided an un-audited copy of Respondent's financial statements dated November 30,  
6 2006, which indicated that the company was not in compliance with the tangible net worth  
7 requirements of Financial Code section 50201. The financial statements further disclosed that  
8 Respondent had a tangible net worth deficiency of \$1,053,856.00.  
9

10           10.      To date, Respondent has failed to submit any financial statement that evidences  
11 Respondent meets the tangible net worth requirements of Financial Code section 50201.  
12

13           11.      Pursuant to California Financial Code section 50200, Respondent was required to  
14 submit its audited financial statements for fiscal year ended December 31, 2006 to the  
15 Commissioner by April 15, 2007. Respondent was notified in writing of this requirement.  
16

17           12.      To date, Respondent has failed to file its audited financial statements with the  
18 Commissioner in violation of Financial Code section 50200.

19           13.      Failure to provide the information and documents necessary for the Commissioner to  
20 complete his regulatory examination, failure to maintain the tangible net worth requirements of  
21 Financial Code section 50201 and failure to file audited financial statements for fiscal year ended  
22 December 31, 2006 constitute grounds under California Financial Code section 50327 for the  
23 revocation of a license issued under the CRMLA.  
24

25           14.      On August 8, 2007, the Commissioner issued a Notice of Intention to Issue Order  
26 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against  
27 Respondent based on the foregoing. Respondent was served with those documents on August 8,  
28

1 2007 via certified mail, return-receipt requested, at its licensed location on file with the California  
2 Department of Corporations. The Department has received no request for a hearing from  
3 Respondent.

4 The Commissioner finds that, by reason of the foregoing, Respondent has violated  
5 California Financial Code sections 50314, 50200 and 50201.  
6

7 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential  
8 mortgage lender and residential mortgage loan servicer license issued by the Commissioner to  
9 Coastal Capital Corp. is hereby revoked. This Order is effective as of the date hereof. Pursuant to  
10 California Financial Code sections 50310 and 50311, Coastal Capital Corp. has sixty (60) days  
11 within which to transfer its existing service accounts and complete any loans for which it had  
12 commitments.  
13

14 Dated: September 20, 2007  
15 Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

17 By \_\_\_\_\_  
18 Alan S. Weinger  
19 Lead Corporations Counsel  
20 Enforcement Division  
21  
22  
23  
24  
25  
26  
27  
28